The Federal Farm Loan Act

Synopsis of Its Salient Features Prepared by H. M. Hanson, Secretary-Treasurer Farm Mortgage Bankers' Association of America

FEDERAL FARM LOAN ACT

Passed by the House of Representatives and the United States Senate June 27 and 28, 1916, Respectively.

Signed by the President July 17, 1916.

3.-Provides for a federal land bank system in the continental United States (exclusive of Alaska), dividing the country into twelve land bank districts composed of whole states.

3.-The system is operated as a burenu of the United states treasury department and supervised by the federal farm loan board. The secretary of the treasury is ex-officio chairman [of the board with four other members. appointed by the president for eight years at an annual salary of \$10,000. One member is designated farm loan commissioner and is the active executive officer.

3-Appointees of Board: (a) Farm Ionn registrar for each land bank district and

(b) One or more land appraisers for each had bank district. Salaries paid by federal land bank or joint stock land hank for which they not.

(c) Land bank examiners; salaries parid by the United States.

(d) Attorneys, experts, assistants and other employees to be paid by the United States.

17 .- Powers of the Board: (a) To organize and charter federal land banks, joint stock land banks and na-

Monal farm loan associations. (b) To review and alter the rate of Interest to be charged by federal land banks for loans.

(c) To approve or reject any or all loans for bond issue and to grant or refuse any specific issue of farm loan bonds of federal land banks and joint stock land banks.

(d) To regulate charges for appraisal, examining titles and record-

(e) To appraise land securing mortgages for bond issue.

(f) To exercise general supervisory authority over the federal land banks. farm lean associations and joint stock land banks.

30.-The farm loan commissioner state are shown to efford insufficient protection to holders, its mortgages shall be declared ineligible under this act during the continuance of the laws

32.-The secretary of the treasury is authorized to deposit United States funds in federal land banks at current tovernment rates of interest, the aggregate of such funds not to exceed \$6,000,000 at any one time.

FEDERAL FARM LOAN BANKS

ORGANIZATION.

Section 4.—One in each land bank district. Branches permitted within its district. Officers; President, vice president, secretary and treasurer; directors; six representatives of farm lonn associations and three represent-4mg the public interest. Attorneys, assistants, experts and other employees. All salaries fixed by farm loan board and paid by bank. Subject to semianmual examinations by land bank exam-

CAPITAL STOCK.

Sec. 5 .- \$750,000. May be owned by individuals, tirms, corporations and the United States and state governments, Sec. 5. Shares, \$5 each.

Sec. 5.-All stock remaining unsubscribed 30 days after subscription books are opened shall be subscribed by the United States and thereafter only the United States government and borrowers may acquire shares of stock.

Sec. 5.-United States government not to participate in dividends. All other stockholders share dividends

Sec. 5.- The original capital stock shall be gradually retired after the stock held by farm lonn associations shall amount to \$750,000.

Sec. 5.-Not less than 5 per cent of capital shall be invested in United States government bonds,

POWERS.

Sec. 13 .- To buy first farm mortgages within its district and to issue and sell farm loan bonds.

Sec. 13.-To receive from farm loan associations interest and amortization payments on mortgages and farm loan bonds.

Sec. 13 .- To acquire and dispose of real and personal property necessary for the convenient transaction of business; and hand taken in satisfaction of debts or purchased under judgments, decrees or mortgages held by it. Shall

not hold title exceeding five years. Sec. 13.-To accept deposits of securities or current funds from member associations but pay no interest there-

Sec. 13 .- To borrow money on se curity and pay interest thereon. Sec. 13,-To buy and sell United

Sec. 13 .- To appraise lands for bond Lesue and to charge applicants and borrowers the cost of land appraisal, examining titles, recording and other le-

or be made part of loan and paid in amortization payments.

Sec. 14.-To accept mortgages only from farm losn associations and approved agents.

Sec. 14.-To accept deposits of current funds only from its stockholders. Sec. 6.-To become financial agents of United States government and depository of public money. Public de-

gages or farm loan bonds. Sec. 13.-To deposit its securities and current funds subject to check with any member bank of the federal reserve system and to receive interest

posits cannot be invested in mort-

BONDS.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50, \$100, \$500 and \$1,000.

Sec. 20.-May bear a maximum rate of 5 per cent Interest per annum. Sec. 19.-Mortgages and United

States government bonds equal in amount to the farm form bonds issued are retained as collateral security by the land bank registrar. Sec. 14.—The outstanding farm loan

onds shall not exceed 20, times the capital and surplus, Sec. 21.-Shall be guaranteed by

Sec. 17.-No Issue is authorized without the approval of the farm loan

Sec. 22.—Substitution of mortgages and United States government bonds held as collateral to farm loan bonds is permitted.

TAXATION.

Sec. 26.-The capital stock, surplus, mortgages and farm loan bonds and all income derived therefrom are exempt from federal, state, municipal and local taxation.

Sec. 26.-Real property taken and held under the provisions of sections 11 and 13 is not tax exempt.

AGENTS.

Sec. 15.-Incorporated banks, trust companies, mortgage companies or chartered savings institutions may act as agents for federal land banks if no farm loan association has been formed in a given locality after one year.

Sec. 15.—Borrowers securing loans shall examine the laws of every state | through agents are required to suband if on examination the laws of any scribe 5 per cent of the loan to the capital of the federal land bank.

Sec. 15.-Agents are entitled to a commission of one-half of 1 per cent per annum on unpaid principal of each loan they negotiate and the bank shall pay agent for actual expenses for appraising land, examining titles, executing and recording the mortgage papers which shall be added to the face

Sec. 15.-Agents shall indorse and become liable for the payment of the loans they negotiate and the aggregate unpaid principal of such loans shall not exceed ten times the agent's capital and surplus.

Sec. 15.-Agents are required to make good any default within 30 days after notice.

Sec. 15.-All collections made shall

be remitted without charge.

SPECIAL PROVISIONS.

Sec. 22.-Amortization and other payments constitute a trust fund to be invested as follows: (a) To pay off maturing farm loan

bond Issues,

(b) To purchase farm loan bonds, (c) To lend on first farm mortgages

within the district.

(d) To buy United States government bonds.

Sec. 23.—Reserve and dividends: No limit is placed on dividend distributions after a reserve account has been built up from earnings equal to 20 per cent of the capital stock and after 5 per cent of the net earnings annually thereafter are added to the reserve ac-

Sec. 23.-Reserve funds to be invested as prescribed by the federal farm Ioan board. Sec. 27.-Farm loan bonds are lawful

investments for fiductary and trust funds and security for all public de-

Sec. 27.-Federal reserve bank may buy and sell farm loan bonds. Sec. 29.-Provision is made for dis-

solution and the appointment of a re-Sec. 14.-No commission or charge

not specifically authorized in this act shall be demanded or received.

NATIONAL FARM LOAN ASSOCI-ATIONS

ORGANIZATION.

Section 7 .- Ten farm owners desiring loans aggregating \$20,000 or more may form such an association.

Sec. 7 .- Its affairs are administered by five directors, including president, vice president and a loan committee of three serving without compensation, and by a secretary treasurer with salary fixed by the farm loan board and paid by the association.

CAPITAL STOCK.

Sec. 8 .- Shares, \$5 each; (9) carrying double liability; (8) may be owned only by borrowers who are required to gat fees, said fees to be paid in cash | subscribe 5 per cent of their loan in | Sec. 16.-Loans are not restricted to

the capital stock of the association which in turn subscribes an equal amount of stock in the federal land

Sec. 8 .- Shares are paid for in cash. or (9) the amount may be added to the face of the loan and retired in amortiration payments at par. In such case the face of the loan shall not exceed the 50 per cent and 20 per cent lim-

Sec. 7 .- Assessment on shares may he levied for operating expenses if funds are not otherwise available.

POWERS.

Sec. 10.-To appraise land for mortgage through its loan committee of

Sec. 11.-To indorse and become liable for the mortgages of its shareholders.

Sec. 11 .- To receive and deliver the

proceeds of loans to borrowers. Sec. 11.-To acquire and dispose of property necessary for the convenient

transaction of its business. Sec. 11.-To issue certificates of deposit for not longer than one year and to pny 4 per cent interest thereon. convertible into farm loan bonds at the

federal land bank of its district. Sec. 7.-To receive and transmit to the federal land bank payments of interest and principal and amortization payments.

LOANS.

Sec. 12.-Loans shall be secured by first mortgages on land within its land bank district.

Section 12.-To run from 5 to 40 years with amortization and with additional optional prepayments after five years.

Sec. 12.-Interest on loans shall not exceed 6 per cent per annum on the unpaid principal. Sec. 12.-Borrowers shall pay 8

per cent simple interest on defaulted bank of issue and all other federal land payments. Sec. 12.-Loans may be made for the following purposes and for no other

under penalty: (a) To purchase land for agricultural purposes.

(b) To purchase equipment, fertilizer and live stock for the operation of the mortgaged farm.

(c) To provide buildings and for the improvement of farm lands. (d) To pay debts existing at time of organization of the first national farm lean association within the county.

Sec. 12.-Maximum lean \$10,000; minimum loan \$100. Sec. 12.-No loan shall exceed 50 per cent of the value of the land mortgaged

and 20 per cent of the permanent insured improvements. Sec. 12.-No loans shall be made to any person who is not at the time or shortly to become engaged in the culti-

vation of the farm mortgaged. Note.-All applications for loans originate with the national farm loan associations or agents and all loans are made and closed by the federal land anks. This does not apply to joint

stock land banks. TAXATION.

Sec. 26 .- Same as applies to federal

SPECIAL PROVISIONS.

Sec. 9.-Associations may retain as commission one-eighth of 1 per cent semiannually from interest payments on the unpaid principal of loans. Sec. 9.-Associations may borrow

from federal land banks at 6 per cent annual interest up to one-fourth of its total stockholdings in said bank. Sec. 24.-Reserves and dividends:

No limit is placed on dividend distributions after the reserve account, built up from net earnings equals 20 per cent of the capital stock and after 2 per cent of the net earnings annually thereafter are added to the reserve ac-

Sec. 25.-Defaults must be made good within 30 days after notice. Sec. 29.—Provision is made for dis-

solution and the appointment of a re-

JOINT STOCK LAND BANKS

ORGANIZATION.

Section 16.-A private corporation subject to the requirements under this act which may be formed by ten or more persons with a board of directors

Sec. 16.-May operate within the state in which its principal office is located and within some one contingu-

ous state. Sec. 28.-Subject to semiannual examinations by the federal land bank examiner.

CAPITAL STOCK.

Sec. 16.-\$250,000 minimum. Sec. 16.-Double liability of shareholders.

Sec. 16.-The United States government shall own none of the shares of

Sec. 16.-No farm loan bonds can be issued until the capital stock is fully paid, although the bank may begin business when one-half of the capital is subscribed and paid in cash.

POWERS.

Sec. 16 .- To lend money on farm mortgage security. Sec. 16.-To issue and sell farm loan

Sec. 16.-To issue farm loan bonds up to 15 times the amount of its capital and surplus. Sec. 16.-Except as otherwise pro-

vided it has the powers of and is subject to the restrictions imposed on federal land banks.

PRIVILEGES.

Sec. 16.-May lend more than \$10,000 to any one borrewer, but not beyond 50 per cent of the value of the land and 20 per cent of the permanent insured improvements.

the purposes prescribed for national farm loan associations.

Sec. 16.-Loans may be made to farm owners regardless of whether engaged in cultivation of the land mortgaged or not.

Sec. 16 .- Interest on lonns shall not exceed more than 1 per cent, the interest rate established for its last series of bonds, nor more than 6 per cent in

Sec. 16.-Commissions or other charges not specifically authorized by this act shall not be demanded or received.

Sec. 20.-Issued in series of \$50,000 or more, in denominations of \$25, \$50, \$100, \$500 and \$1,000.

Sec. 20.-May bear maximum rate of

5 per cent interest per annum. Sec. 16.-Bonds shall be so engraved as to be readily distinguishable from federal land bank bonds.

Sec. 19. - Mortgages and United States government bonds equal in amount to the farm loan bonds issued are retained as collateral security by the land bank registrar.

Sec. 17 .- No issue is authorized without the approval of the farm loan board.

Sec. 27.-Federal reserve banks are

authorized to buy and sell the bonds of joint stock land banks. Sec. 22.—Substitution of mortgages and United States government bonds held as collateral to farm loan bonds is

permitted. Sec. 27.-Its bonds are lawful investments for fiduciary and trust funds and security for all public deposits.

TAXATION.

Sec. 26.—The capital stock, surplus and earnings are subject to the taxing powers of the state.

Sec. 26.-Its mortgages executed under this act and its farm loan bonds and all income derived therefrom are exempt from federal, state and municipal and local taxation.

Sec. 26.-Real property taken and held under the provisions of sections 11 and 13 is not tax exempt.

SPECIAL PROVISIONS.

Sec. 6 .- Joint stock land banks are made public depositories and financial agents of the United States govern-

Sec. 6.-Public deposits cannot be in-

vested in farm mortgages or in farm loan bonds. Sec. 16.—Rates of interest for loans under 6 per cent are not subject to review or alteration by the farm loan

Sec. 13.—Shall receive no deposits except public deposits. Sec. 22.-Amortization and other payments constitute a trust fund to be

board.

invested as follows: (a) To pay off its maturing farm loan bonds. (b) To purchase farm loan bonds.

(c) To lend on first mortgages within its prescribed field.

(d) To purchase United States government bonds. Sec. 23.-Reserve and dividends provided for as in the case of federal land

solution and the appointment of a re-

THIS DEALER HAD REAL TACT Stout and Thin Customers Use Special Mirrors in Wearing Apparel

Establishment. A dealer in wearing apparel, noticing that his stout customers and his very thin customers often were sensitive as to their figures, installed two full length mirrors of special design, says Popular Mechanics magazine. One was slightly concave and the other slightly convex. When a stout customer tried on a sult she was led to the concave mirror for self-inspection, and was able | ble. to see her figure as it would appear with its measurements reduced. When a thin person came in to try on clothes she was taken to the convex mirror, where the opposite effect was produced.

Only Melstened His Lips. Omer Scudder, a Columbus real estate and insurance agent, told some of the other business men who have offices in the Bassett building that he was hot. They agreed that they were

just as hot as he was. "I can eat all the ice cream you fellows are willing to buy," Scudder

declared. The others made up 60 cents and sent out for a half gallon of cream. They had a notion that Scudder would eat about a quart after which they would divide the remaining quart among themselves. Scudder surrounded the entire half gallon of ice cream, smacked his lips and asked them whether they were not going to get him enough ice cream for a real taste. The business men looked at each other, smiled sickly and returned to their places of business. - Indianapolis

The Three Philosophers. For the first time in their lives three genuine, simon-pure philosophers went out riding in a motor car.

After they had ridden about twenty miles out in the country the car broke down. Sald the first philosopher: "I have long wanted to study certain aspects of nature, and this affords me the particular prospect I most admire." Said the second philosopher: "I observe there is a farmhouse over there where food can doubtless be obtained in sufficient quantities." Said the third philosopher: "I have long wanted to be in a situation where, without moving, sustenance would be brought to me by one friend, while the other discoursed on the beauties

of nature."-Life

UP A SUCCESS

MANY IN ATTENDANCE AT THE MISSISSIPPI A. AND M. CONFERENCE.

MILITIA START UNCERTAIN

Mississippi Boys at Camp Swep Taylor Anxious To Leave For Border Duty, But No Time Has Been Set For Departure.

Jackson.-According to those who have attended the round-up school of instruction and exchange of ideas by the corps of farm demonstration agents, district and county, at the Mississippi A. & M. College recently, the experience has been both interesting and helpful. All of the agents on duty in the state have been in attndance, and each has been called upon to discuss and exemplify some special point or feature of the demonstration

Among the men who spent the past week on the campus was P. P. Garner, assistant state agent, whose district is South Mississippi, and who is soon to retire from that position in order to take up the duty devolving on the state commissioner of agriculture, to which position he will shortly be appointed by Gov. Bilbo.

Mr. Garner declared that the 1916 round-up meeting of agents was the best and most helpful of the series since his connection with the service

MILITIA START UNCERTAIN. Mississippi Boys Fret Under Deten-

tion at Camp Taylor. Jackson.—The latest advices from Camp Swep Taylor were to the effect that the time for the departure of the First Regiment for service farther afield is still indefinite. Adjt.-Gen. Scales stated that no one is in a position to make a definite statement on this line; the only positive statement possible being that the command is rapidly getting its equipment completed, and the men getting licked into actual service shape.

It is known that all of the forces, from commanding officers down to it as a stock farm. the last accepted rookie wants to get into active military service somewhere, a little farther from home, and the sooner they get away the better

Prisoners Will Be Worked on Roads In Washington County. Greenville.-At the meeting of the Sec. 29.—Provision is made for dis-

> five years, and that the county prisoners be hereafter worked on the public This recommendation was made by the committee named by the board of supervisors and the chamber of commerce a year ago and former Senator Percy appeared before the boad, representing the committee and taxpayers

> and placed the proposition strongly before the board. The primary purpose is to use the prisoners in grading and surfacing the 150 miles of concrete roads that the \$950,000 road bonds may build as many miles of road in the county as possi

Will Levy On Only Fifty Per Cent Capital and Surplus. Greenville.-The board of supervisors at its meeting ordered that the

CUT BANK ASSESSMENT.

county be placed on the assessment rolls at 50 per cent of their capital and surplus, as was done last year. This, it is understood, is in contravention of the plans of the state tax commission created at the last session of the legislature and the courts will

banking institutions of Washington

prebably be called on to settle the legal points involved. The contention of the banks is that real estate is assessed at only half, or less than half its value as a rule, and that the purpose is to place the bank ing institutions on an equal basis.

NEW BALE IS SOLD.

Bought By Neely, Finley & Co., at 40 Cents a Pound.

Memphis.-The first bale of new cotton received here from the growth of the 1916-17 crop was sold by the official auctioneer on the floor of the cotton exchange to Neely, Finley & Co. for 40 cents a pound. It was grown near Winterville, Washington county, Mississippi, by Miss Flora Famuliner. The bale classed middling, 1% inch staple.

REVIVAL FOR MERIDIAN.

Every Protestant Church in City Will inaugurate Services.

Meridian.-It was decided by every Protestant church in Meridian, including whites and negroes, to begin Sunday, Sept. 17, one of the most important religious movements ever undertaken in the south. On this date there will be a simultaneous inauguration of religious services in all the churches of Meridian, the revival continuing for an indefinite period.

TRUCKERS' REVIEW IS ENCOURAGING

A MEETING OF THE MISSISSIPPI ASSOCIATION IS HELD AT HAZLEHURST.

MOTORISTS REACH BILOXI

Men Touring Country From California To Florida-Hightower Plantation Sold-Other State News

of Interest.

Hazlehurst.-The annual meeting of the Mississippi Truckers' Association was held at the courthouse, and the past year's business reviewed. It was shown that the association received an average of \$1.28 for six-basket crates and 74 cents for flats. The association did over \$50,000 worth of business. S. L. Allen was elected president; George M. Crews, vice president; directors, P. M. Shows, W. P. Runnels and B. M. Brown. All are well known and successful farmers of Copiah county, and prominent in its affairs. At the conclusion of the meeting an address was delivered by Geo. Lewis, an expert on vegetables who was manager of the packing shed of

MOTORISTS REACH BILOXI.

the association the past season.

Two Men Touring From San Jose To Jacksonville.

Bfloxi.-J. B. Woods and Frank De Lapp, of San Jose, Cal., reached Biloxi in an automobile in which they are making a trip from the California city to Jacksonville, Fla. The men traveled 3,000 miles, stopping along the border where American soldiers are encamped.

HIGHTOWER PLANTATION SOLD.

Memphis Man Pays Over \$30,000 For Brandon Hall, Near Natchez. Natchez.-The Brandon Hall plantation, situated at Stanton Station, near

here, has been sold to J. R. Parker, of

Memphis, for a consideration of \$30,-

000. The property was sold by Dr. G. R. Hightower, former president of the Mississippi A. & M. College. Mr. Hightower has owned the place about a year and has been conducting

FAIL TO MAKE \$10,000 BOND.

Dr. Lee and Negro Held In Tupelo Jail. Ingram Released. Aberdeen.-Drs. B. F. Lee and Houston Broomfield, the latter a negré, are still held in the Tupelo jail, having failed to make the \$10,000 bond as required. Clyde Ingram was successful board of supervisors here an order in making his \$5,000 bond and was re-

leased until the Circuit Court convenes was passed advertising the county convict farm for sale or for a lease of in this county next October. Lee, Broomfield and Ingram are charged with the murder of Miss Mary Miller, a school teacher of Plattsburg. Miss., who died at the home of Dr.

> tion had been performed. SHILOH MONUMENT.

Lee, after an alleged criminal opera-

Contractor Reaches Corinth to Begin Work On Memorial. Corinth.-The contractor has arrived with all necessary paraphernalia for electing the handsome \$50,000 U. D.

C. monument to be placed at Shiloh National Park to southern war heroes. The government is now engaged in providing a concrete base, and Contractor Archer of Chicago has gone to meet the first shipment of the monument that will be sent from Chicago

via Tennessee river.

HEN A JOY RIDER. Refuses To Lay Until After She Is

Taken For a Ride. West Point .- T. B. Lesley, a farmer, is the owner of a hen that will lay an egg only when in a buggy. Some of his friends shooed her out of his buggy into the street, thinking she did not belong there, and when they saw the egg they made inquiry. When none of the family care to take the hen buggy riding they let her get in the baby buggy and roll her around the yard

elected president and W. I. Pickens, secretary. It was decided to hold the third annual fair Oct. 30 to Nov. 4.

and lo and behold! there is the egg.

Honored By Stockholders

Lexington.-At a meeting of stock-

holders of the Mississippi Valley Fair

Association held here E. F. Rhea was

Shot By Wife. Greenville .- O. E. Tutt, a storekeeper at James, 14 miles south of Greenville, was shot in the head, the bullet entering his mouth, by his wife, the woman then committing suicide, according to the evidence.

No More Joy Rides.

Biloxi.—The privilege enjoyed by Biloxi police to hatl a taxi or automobile whenevery necessary and ride to any part of the city at the expense of the board of mayor and aldermen has been withdrawn by the board. Members of the council object to the numerous bills for livery hire for the rides, and the police committee instructed to inform Biloxi's; that hereafter members of must not engage in trips] parts of the city even on c